

INFORMATION PROVIDED BY

THE MICHIGAN BANKERS ASSOCIATION

FOR THE

JOINT HEARING OF THE

SENATE BANKING & FINANCIAL INSTITUTIONS

AND

HOUSE BANKING & FINANCIAL SERVICES COMMITTEES

JUNE 23, 2010

Making Home Affordable Program

Service Performance Report Through May 2010

Report Highlights

Nearly 350,000 Homeowners Granted Permanent Modifications

- Total number of permanent modifications increases more than 15%, with growth in permanent modifications averaging more than 50,000 per month over the last four months.
- Homeowners in permanent modifications are experiencing a median payment reduction of 36%, more than \$500 per month.
- Homeowners in permanent modifications are guaranteed lower payments for five years, then fixed terms at today's low rates for the life of the loan.

Servicers Continue to Work Through Aged Trial Population

- Cancellations rise as servicers comply with Treasury guidance to make decisions on aged trials. Of the new canceled trials this month, more than 70% had been in trial six months or longer.
- Most homeowners in canceled trials become current on mortgage payments or enter an alternative modification, according to servicers.
- Common causes of cancellations include borrowers who had mortgage payments already less than 31% of their income, missed trial payments or had incomplete or unverifiable documentation.

New This Month: Disposition Path of Canceled Trials

- According to servicer data, nearly half of homeowners unable to enter a HAMP permanent modification enter an alternative modification with their servicer.
- Fewer than 10% of canceled trials move to foreclosure sale, servicers report.

New This Month: Description of Compliance Activities

- Making Home Affordable-Compliance disagreed with servicer actions in just 3.9% of Second Look reviews.
- Compliance places continued focus on borrower solicitation and document retention.

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HAMP Activity: All Servicers

	Total
HAMP Eligibility	
Eligible Delinquent Loans ¹	3,180,615
Eligible Delinquent Borrowers ²	1,675,238
Trial Plan Offers Extended ³	1,507,018
All Trials Started	1,244,184
Trial Modifications	
Trials Reported Since April 2010 Report ⁴	30,099
Trial Modifications Canceled	429,696
Active Trials	467,672
All Permanent Modifications Started	346,816
Permanent Modifications	
Permanent Modifications Begun Since April 2010 Report	47,724
Permanent Modifications Canceled ⁵	6,357
Active Permanent Modifications	340,459

¹ Estimated eligible 60+ day delinquent loans as reported by servicers as of April 30, 2010, include conventional loans:

- in foreclosure and bankruptcy,
- with a current unpaid principal balance less than \$729,750 on a one-unit property, \$934,200 on a two-unit property, \$1,129,250 on a three-unit property and \$1,403,400 on a four-unit property,
- on a property that was owner-occupied at origination,
- originated on or before January 1, 2009.

Estimated eligible 60+ day delinquent loans exclude:

- FHA and VA loans,
- loans that are current or less than 60 days delinquent, which may be eligible for HAMP if a borrower is in imminent default.

Refer to the Waterfall of Eligible Borrowers on page 7 for further explanation.

² For servicers enrolling after March 1, 2010 that did not participate in the 60+ day delinquency survey, the delinquency count is from the servicer registration form.

³ The estimated eligible 60+ day delinquent borrowers are those in HAMP-eligible loans, minus estimated exclusions of loans on vacant properties, loans with borrower debt-to-income ratio below 31%, loans that fail the NIV test, properties no longer owner-occupied, manufactured housing loans with title/charter issues that exclude them from HAMP, and loans where the investor pooling and service agreements preclude modification. Exclusions for D11 and NPV results are estimated using market analytics.

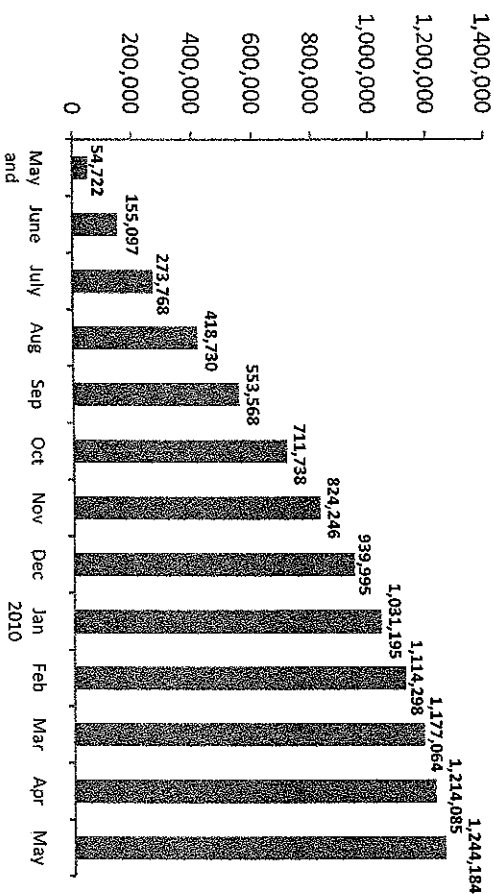
⁴ As reported in the weekly servicer survey through May 27, 2010.

⁵ Servicers may enter new trial modifications anytime before the loan converts to a permanent modification.

⁶ Includes 124 loans paid off.

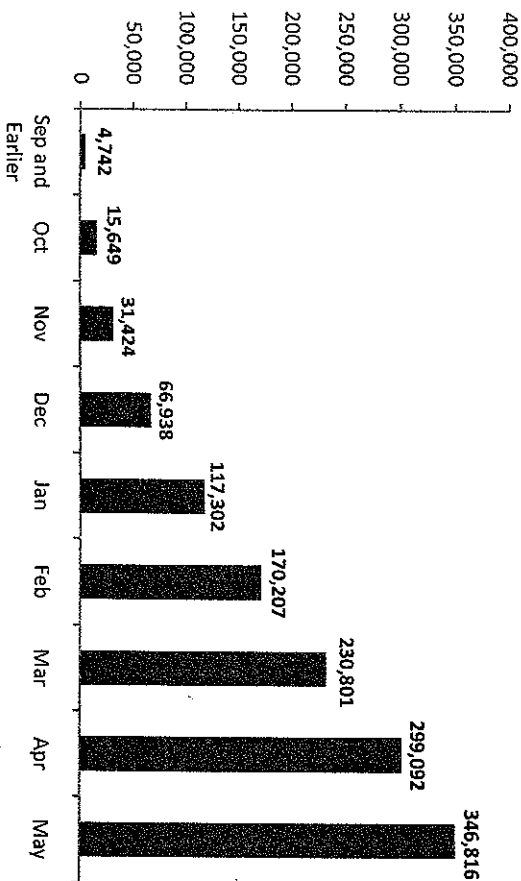
Source: HAMP system of record (except where noted).

HAMP Trials Started (Cumulative)



Note: Historical data is unchanged from previous report.
Source: HAMP system of record.

Permanent Modifications Started (Cumulative)



Source: HAMP system of record.

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Modification Characteristics

- Lower monthly mortgage payments for borrowers in active trial and permanent modifications represent a cumulative reduction of more than \$3.1 billion.
- The median savings for borrowers in permanent modifications is \$514.31, or 36% of the median before-modification payment.

Permanent Modifications by Modification Step

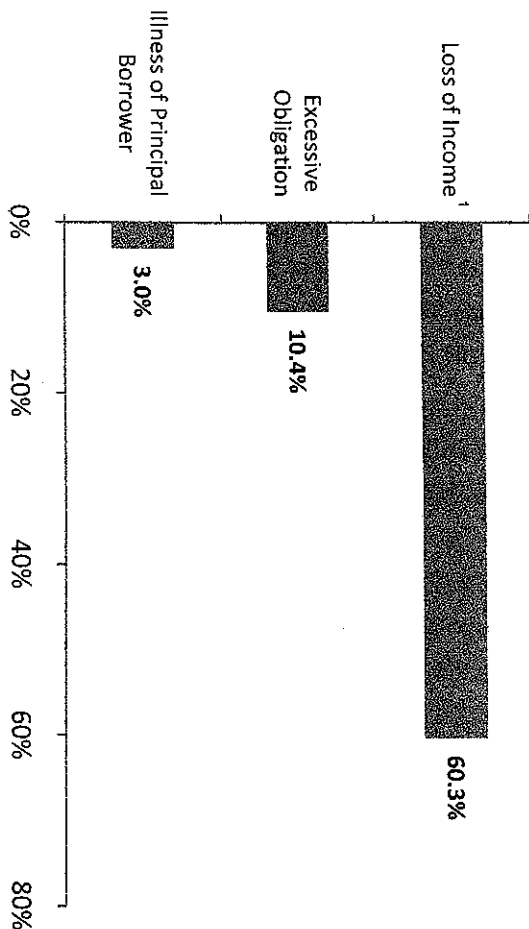
Interest Rate Reduction	100%
Term Extension	53.7%
Principal Forbearance	28.8%

Select Median Characteristics of Permanent Modifications

Loan Characteristic	Before Modification	After Modification	Median Decrease
Front-End Debt-to-Income Ratio ¹	44.8%	31.0%	-13.9 pct pts
Back-End Debt-to-Income Ratio ²	79.8%	63.8%	-14.4 pct pts
Median Monthly Payments ³	\$1,425.53	\$836.85	-\$514.31

- ¹ Ratio of housing expenses (principal, interest, taxes, insurance and homeowners association and/or condo fees) to monthly gross income.
- ² Ratio of total monthly debt payments (including mortgage principal and interest, taxes, insurance, homeowners association and/or condo fees, plus payments on installment debts, junior liens, alimony, car lease payments and investment property payments) to monthly gross income. Borrowers who have a back-end debt-to-income ratio of greater than 55% are required to seek housing counseling under program guidelines.
- ³ Principal and interest payment.

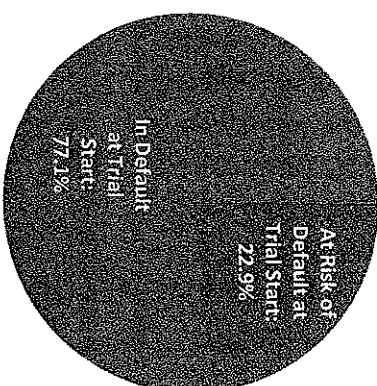
Predominant Hardship Reasons for Permanent Modifications



¹ Includes borrowers who are employed but have faced a reduction in hours and/or wages as well as those who have lost their jobs.

Note: Does not include 17.6% of permanent modifications reported as Other.

Loan Status Upon Entering Trial



Note: For all trial modifications started.

"At Risk of Default" includes borrowers up to 59 days delinquent at trial entry as well as those in imminent default. "In Default" refers to borrowers 60 or more days late at trial entry.

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HAMP Modification Activity by Servicer

Servicer	Estimated 60+ Day Delinquent Borrowers	Trial Plan Offers Extended	All HAMP Trials Started	Active Trial Modifications	Permanent Modifications
American Home Mortgage Servicing Inc.	52,145	21,826	18,147	9,565	8,383
Aurora Loan Services, LLC	40,525	47,508	42,997	10,619	12,019
Bank of America, NA ⁴	478,811	403,384	308,527	142,824	62,969
Carrington Mortgage Services LLC	5,535	3,391	2,705	627	1,914
CitiMortgage, Inc.	148,547	154,047	145,951	42,131	34,675
GMAC Mortgage, Inc.	22,722	55,190	44,807	12,255	23,122
Green Tree Servicing LLC	7,215	7,051	6,002	2,977	1,629
HomeEq Servicing	16,233	6,107	4,365	1,111	3,054
J.P. Morgan Chase Bank, NA ⁵	242,282	257,474	198,307	87,550	47,467
Litton Loan Servicing LP	54,687	36,648	29,649	11,283	7,262
Nationstar Mortgage LLC	21,821	25,051	20,709	5,867	7,539
Ocwen Financial Corp., Inc.	34,230	24,556	20,124	4,058	13,384
OneWest Bank	57,127	59,256	43,025	23,878	11,992
PNC Mortgage ⁶	21,079	21,818	17,741	5,821	1,906
Saxon Mortgage Services, Inc.	28,909	44,698	40,147	8,413	11,784
Select Portfolio Servicing	20,592	60,716	37,505	8,883	13,757
US Bank NA	20,181	12,982	9,958	3,363	5,026
Wachovia Mortgage, FSB ⁷	31,084	12,397	8,965	7,744	1,211
Wells Fargo Bank, NA ⁸	182,067	238,682	171,009	45,999	40,759
Other SPA servicers ⁹	15,667	14,236	11,754	4,781	5,352
Other GSE Servicers ¹⁰	173,779	NA	61,790	27,863	25,255
Total	1,675,238	1,507,018	1,244,184	467,672	340,459

Estimated eligible 60+ day delinquent borrowers as reported by servicers as of April 30, 2010, include those in conventional loans:

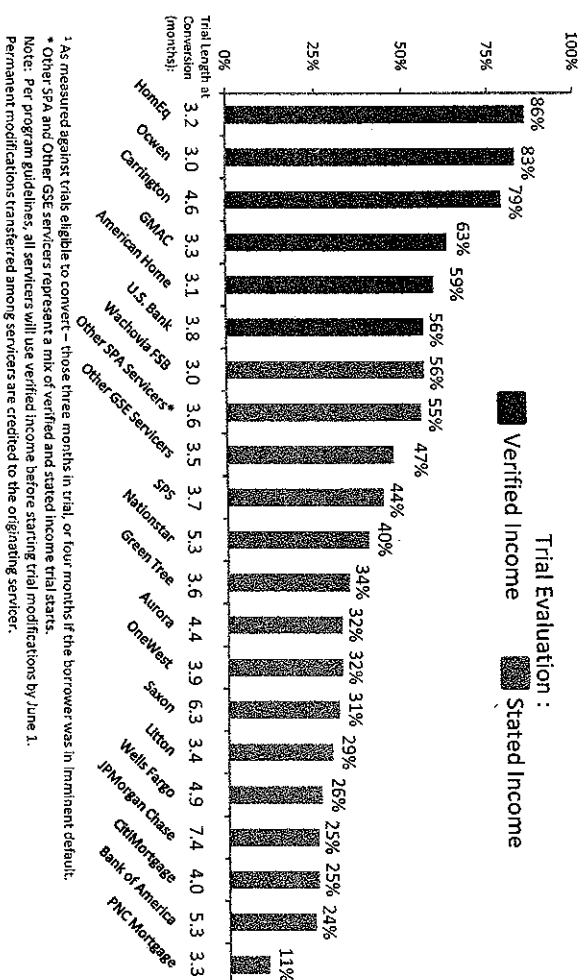
- In fee disclosure and bankruptcy
- with a current unpaid principal balance less than \$729,750 on a one-unit property, \$934,230 on a two-unit property, \$1,123,250 on a three-unit property and \$1,403,400 on a four-unit property;
- on a property that was owner-occupied at origination;
- originated prior to January 1, 2009.

Estimated eligible 60+ day delinquent borrowers excludes:

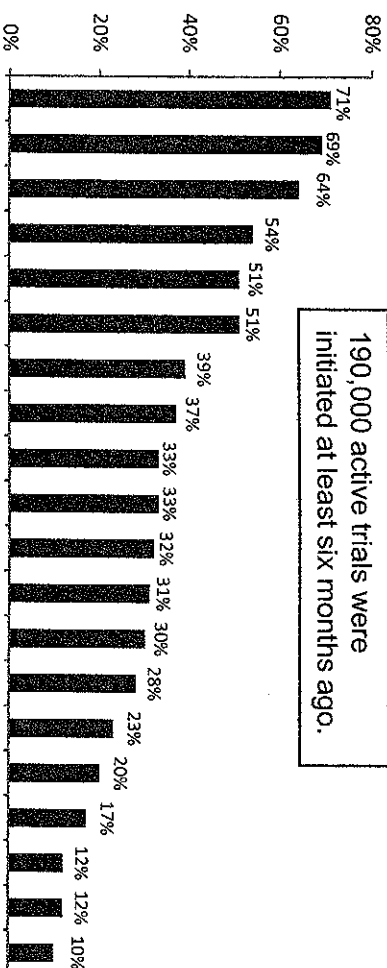
- Those in loans that are current or less than 60 days delinquent, which may be eligible for HAMP if a borrower is in imminent default.
- Those borrowers with debt-to-income ratios less than 31% or a negative NPV test.
- Owners of vacant properties or properties otherwise excluded (see footnotes of page 7 for further explanation).
- Exclusions for DTI and NPV are estimated using market analytics.

For servicers enrolling after March 1, 2010 that did not participate in the

Conversion Rate¹



Aged Trials¹ as Share of Active Trials



¹ Active trials initiated at least six months ago.

Note: Excludes Wachovia Mortgage, FSB at 0%.

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Disposition Path Trials Canceled Through April 2010 (8 Largest Servicers)¹

Borrowers who are in, or are in the process of receiving:

	Action Pending ²	Borrower in Bankruptcy	Borrower Current	Alternative Modification	Payment Plan ³	Loan Payoff	Short Sale/Deed in Lieu	Foreclosure ⁴	Total (As of April 2010)
American Home Mortgage Servicing, Inc.	65	8	50	6	9	1	--	8	147
Bank of America, NA ⁵	12,014	829	1,286	13,928	690	140	489	336	29,712
CitiMortgage Inc.	15,665	5,469	6,556	26,446	932	433	23	5,083	60,607
GMAC Mortgage Inc.	1,481	189	1,039	3,808	434	133	251	652	7,987
JP Morgan Chase Bank NA ⁶	12,765	0	4,080	8,113	33	1	187	0	25,179
Litton Loan Servicing LP	3,385	143	617	389	98	65	277	1,223	6,197
OneWest Bank	1,733	108	209	960	63	5	378	861	4,317
Wells Fargo Bank NA ⁷	3,502	254	5,103	41,188	526	1,382	2,454	5,501	59,910
TOTAL	50,610	7,000	18,940	94,838	2,785	2,160	4,059	13,664	194,056
(These 8 Servicers)	26.1%	3.6%	9.8%	48.9%	1.4%	1.1%	2.1%	7.0%	100%

Note: Data is as reported by servicers for actions completed through April 30, 2010.

¹ As defined by cap amount.

² Trial loans that have been canceled, but no further action has yet been taken.

³ An arrangement with the borrower and servicer that does not involve a formal loan modification.

⁴ Foreclosure actions started and completed foreclosure sales.

⁵ Bank of America, NA includes Bank of America, NA, BAC Home Loans Servicing LP, Home Loan

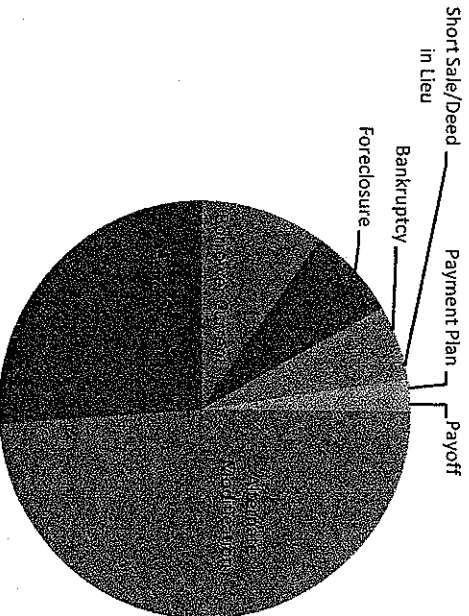
Services and Wishara Credit Corporation.

⁶ J.P. Morgan Chase Bank, NA includes EMC Mortgage Corporation.

⁷ Wells Fargo Bank, NA includes a portion of the loans previously included in Wachovia Mortgage, FSB.

Excludes Wachovia Mortgage FSB Pick-a-Payment Loans.

Note: Excludes cancellations pending data corrections.

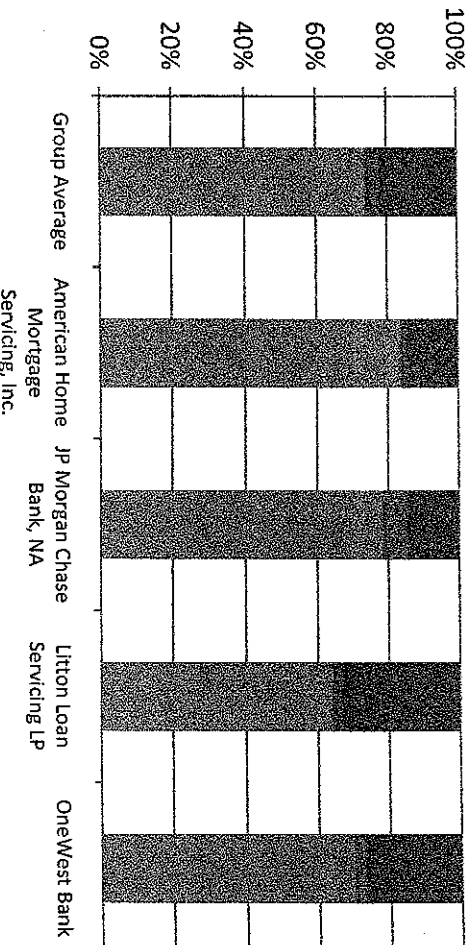


Making Home Affordable Program

Servicer Performance Report Through May 2010

Results of Compliance Second-Look Reviews (Dec. 2009)

Making Home Affordable-Compliance (MHA-C) conducts Second Look^{1,2} reviews of homeowners that were not solicited or evaluated for HAMP modifications to ensure that the servicer's actions were appropriate. In 3.9% of the cases, MHA-C disagreed with the servicer's actions.



¹ Bank of America NA, Wells Fargo NA, CitiMortgage Inc. and GMAC Mortgage Inc. were not part of the December 2009 rotation for Second Look reviews.

² Second Look Results are derived of a statistical sample of loan files for borrowers not offered a HAMP modification (typically 150 loan files).

³ Cases where the borrower was not appropriately solicited or evaluated for HAMP.

⁴ Cases where MHA-C was unable to determine if the servicer's actions were appropriate.

The results of these reviews help determine the types of other compliance activities and frequency with which those activities will be performed. In addition, these reviews help determine if further actions are required, including requiring servicers to: reevaluate disagrees and hold off foreclosures until disagrees are reevaluated; submit further documentation to clarify loan status for the "Unable to Determine" population; engage in process remediation, training, or policy clarification; or take other actions as directed by MHA-C and Treasury.

Ongoing Compliance Focus

Based on Making Home Affordable-Compliance (MHA-C) efforts to date, HAMP compliance efforts will prioritize the following areas:

- **Borrower Solicitation:**
 - Servicers are required to solicit eligible borrowers without delay
 - Servicers are prohibited from conducting foreclosure proceedings until eligible borrowers are appropriately considered for HAMP
 - Servicers must ensure that their operating protocols identify all populations of eligible borrowers
- **Underwriting Documentation:**
 - Servicers must retain complete and consistent documentation for all loans considered for HAMP
 - Documentation must support all decisions (e.g., denials, permanent modifications, etc.) made by the servicer
 - Servicers' internal quality assurance departments are required to play an active role in the ongoing evaluation of underwriting procedures and related documentation

Please see Appendix B for a detailed description of compliance activities.

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Selected Outreach Measures

Events Hosted Nationally by Treasury and Partners (cumulative)	38
Homeowners Attending Treasury-Sponsored Events (cumulative)	40,169
Servicer Solicitation of Borrowers (cumulative) ¹	4,721,697
Page views on MakingHomeAffordable.gov (May 2010)	5,231,590
Page views on MakingHomeAffordable.gov (cumulative)	85,365,909
Percentage to Goal of 3-4 Million Modification Offers by 2012 ²	38-50%

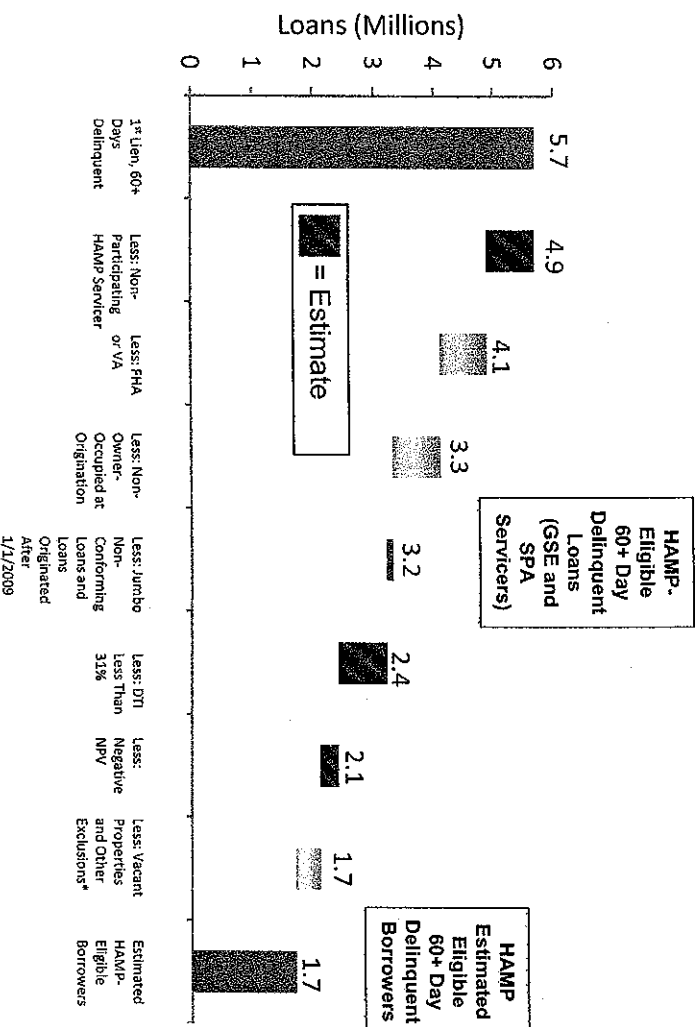
¹ Source: survey data provided by servicers. Servicers are encouraged by HAMP to solicit information from borrowers 60+ days delinquent, regardless of eligibility for a HAMP modification.
² In 2009, Treasury set a goal of offering help to 3-4 million borrowers through the end of 2012, as measured by trial plan offers extended to borrowers.

Call Center Volume

Cumulative	May
Total Number of Calls Taken at 1-888-995-HOPE (since program inception)	1,165,237 104,936
Borrowers Receiving Free Housing Counseling Through the Homeowners HOPE Hotline	591,235 45,917

Waterfall of HAMP-Eligible Borrowers

Not all 60-day delinquent loans are eligible for HAMP. Other characteristics may preclude borrower eligibility. Based on the estimates, of the 5.7 million borrowers who were 60 days delinquent in the 1st quarter of 2010, 1.7 million borrowers are eligible for HAMP. As this represents a point-in-time snapshot of the delinquency population and estimated HAMP eligibility, we expect that more borrowers will become eligible for HAMP from now through 2012.



*Other exclusions include: no longer owner-occupied; investor's pooling and servicing agreement precludes modification; and manufactured housing loans with titling/chatel issues that exclude them from HAMP.

*Note: Effective this month, this estimate will be updated quarterly, coinciding with the release of new total delinquency numbers from the Mortgage Bankers Association.

Sources: Fannie Mae; monthly survey of participating servicers for April 30, 2010. Total 60+ delinquent figure from 1st Quarter MBA delinquency survey. Excluded loans are as reported by servicers by survey who have signed a servicer participation agreement for HAMP.

Making Home Affordable Program

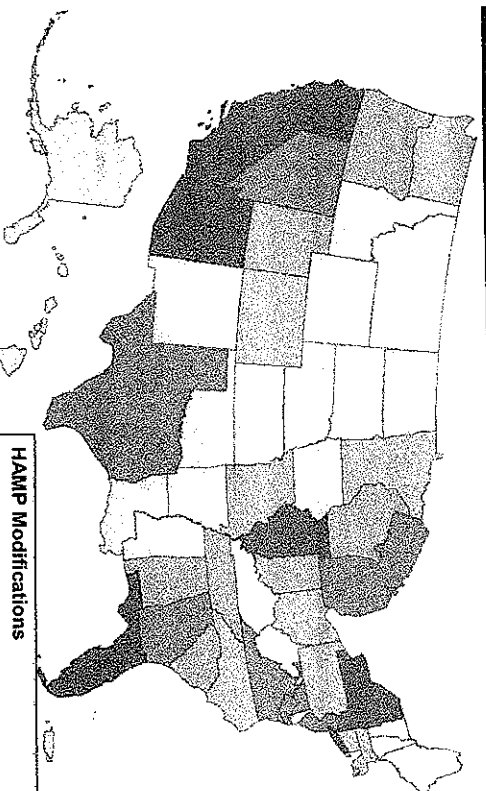
Service Performance Report Through May 2010

HAMP Activity by State

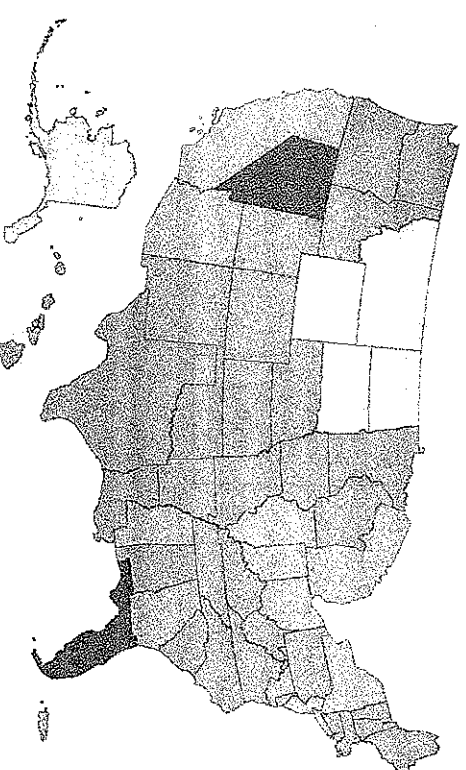
State	Active Trials	Permanent Modifications	Total	% of Total	State	Active Trials	Permanent Modifications	Total	% of Total
AK	230	153	383	0.0%	MT	606	377	983	0.1%
AL	3,081	2,092	5,173	0.6%	NC	9,286	6,759	16,045	2.0%
AR	1,263	880	2,143	0.3%	ND	111	64	175	0.0%
AZ	21,622	18,361	39,983	4.9%	NE	646	480	1,126	0.1%
CA	104,280	73,700	177,980	22.0%	NH	1,937	1,660	3,597	0.4%
CO	6,423	4,960	11,383	1.4%	NJ	15,268	11,192	26,460	3.3%
CT	5,835	4,497	10,332	1.3%	NM	1,640	1,116	2,756	0.3%
DC	920	538	1,458	0.2%	NV	12,150	9,305	21,455	2.7%
DE	1,431	1,158	2,589	0.3%	NY	22,868	13,522	36,390	4.5%
FL	58,100	41,272	99,372	12.3%	OH	10,035	7,692	17,727	2.2%
GA	18,223	12,759	30,982	3.8%	OK	1,337	835	2,172	0.3%
HI	1,744	1,254	2,998	0.4%	OR	5,074	3,918	8,992	1.1%
IA	1,343	913	2,256	0.3%	PA	10,107	7,215	17,322	2.1%
ID	1,735	1,352	3,087	0.4%	RI	2,052	1,844	3,896	0.5%
IL	24,503	18,065	42,568	5.3%	SC	4,636	3,421	8,057	1.0%
IN	4,657	3,516	8,173	1.0%	SD	223	121	344	0.0%
KS	1,270	875	2,145	0.3%	TN	5,040	3,735	8,775	1.1%
KY	1,903	1,373	3,276	0.4%	TX	16,030	8,431	24,461	3.0%
LA	2,724	1,700	4,424	0.5%	UT	4,079	3,174	7,253	0.9%
MA	10,326	8,622	18,948	2.3%	VA	11,418	8,826	20,244	2.5%
MD	15,033	11,623	26,656	3.3%	VT	338	291	629	0.1%
ME	1,150	1,018	2,168	0.3%	WA	9,089	6,803	15,892	2.0%
MI	14,766	11,871	26,637	3.3%	WI	4,414	3,514	7,928	1.0%
MN	7,531	6,923	14,454	1.8%	WV	712	565	1,277	0.2%
MO	5,345	3,917	9,262	1.1%	WY	241	179	420	0.1%
MS	1,685	1,330	3,015	0.4%	Other*	1,212	698	1,910	0.2%

* Includes Guam, Puerto Rico and the U.S. Virgin Islands.

Modification Activity by State



Mortgage Delinquency Rates by State



Making Home Affordable Program

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15 Metropolitan Areas With Highest HAMP Activity

Metropolitan Statistical Area	Active Trials	Permanent Modifications	Total HAMP Activity	% of All HAMP Activity
Los Angeles-Long Beach-Santa Ana, CA	31,729	20,390	52,119	6.4%
New York-Northern New Jersey-Long Island, NY-NJ-PA	29,920	19,294	49,214	6.1%
Chicago-Naperville-Joliet, IL-IN-WI	23,640	17,428	41,068	5.1%
Riverside-San Bernardino-Ontario, CA	22,217	18,016	40,233	5.0%
Miami-Fort Lauderdale-Pompano Beach, FL	23,443	15,050	38,493	4.8%
Phoenix-Mesa-Scottsdale, AZ	17,853	15,159	33,012	4.1%
Washington-Arlington-Alexandria, DC-VA-MD-WV	16,102	12,177	28,279	3.5%
Atlanta-Sandy Springs-Marietta, GA	14,693	10,372	25,065	3.1%
Las Vegas-Paradise, NV	10,082	7,638	17,720	2.2%
Detroit-Warren-Livonia, MI	9,365	7,080	16,445	2.0%
Orlando-Kissimmee, FL	9,214	6,849	16,063	2.0%
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	7,695	5,757	13,452	1.7%
Boston-Cambridge-Quincy, MA-NH	7,281	6,103	13,384	1.7%
Sacramento-Arden-Arcade-Roseville, CA	7,150	5,795	12,945	1.6%
San Francisco-Oakland-Fremont, CA	7,951	4,604	12,555	1.6%

A complete list of HAMP activity for all MSAs is available at <http://www.financialstability.gov/docs/MSA%20HAMP%20Data%20May%202010.pdf>

Modifications by Investor Type (Large Servicers)

Servicer	GSE	Private	Portfolio	Total
Bank of America, NA ¹	132,591	62,977	10,225	205,793
J.P. Morgan Chase NA ²	62,499	53,014	19,504	135,017
Wells Fargo Bank, NA ³	60,997	20,639	5,122	86,758
CitiMortgage, Inc.	51,339	4,882	20,585	76,806
OneWest Bank	18,404	14,937	2,529	35,870
GMAC Mortgage, Inc.	20,363	15,013	1	35,377
Aurora Loan Services, LLC	12,588	9,823	287	22,698
Select Portfolio Servicing	523	19,590	2,527	22,640
Saxon Mortgage Services Inc.	1,258	17,676	1,263	20,197
Litton Loan Servicing LP	1,519	17,026	—	18,545
American Home Mortgage Servicing Inc.	1,117	16,831	—	17,948
Ocwen Financial Corporation, Inc.	5,291	12,080	71	17,442
Nationstar Mortgage LLC	9,488	3,911	7	13,406
Wachovia Mortgage, FSB ⁴	134	259	8,562	8,955
U.S. Bank NA	5,637	21	2,731	8,389
PNC Mortgage ⁵	6,881	198	648	7,727
Green Tree Servicing LLC	4,317	279	10	4,606
HomeEq Servicing	25	3,989	151	4,165
Carrington Mortgage Services LLC	—	2,541	—	2,541
Remainder of HAMP Servicers	55,162	3,829	4,260	63,251
Total	450,133	279,515	78,483	808,131

¹ Bank of America, NA includes Bank of America, NA, BAC Home Loans Servicing LP, Home Loans Services and Wishfire Credit Corporation.
² J.P. Morgan Chase Bank, NA includes EMC Mortgage Corporation.
³ Wells Fargo Bank, NA includes a portion of the loans previously included in Wachovia Mortgage, FSB.
⁴ Wachovia Mortgage, FSB consists of Wachovia Mortgage FSB Pick-a-Payment loans.
⁵ Formerly National City Bank.

Note: Figures reflect active trials and permanent modifications.

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Appendix A: Non-GSE Participants in HAMIP

Allstate Mortgage Loans & Investments, Inc.	Greater Nevada Mortgage Services	PNC Bank, National Association
American Eagle Federal Credit Union	Green Tree Servicing LLC	Purdue Employees Federal Credit Union
American Home Mortgage Servicing, Inc.	Hartford Savings Bank	QLending, Inc.
AMS Servicing, LLC	Hillisdale County National Bank	Quantum Servicing Corporation
Aurora Financial Group, Inc.	HomeEq Servicing	Residential Credit Solutions
Aurora Loan Services, LLC	HomeStar Bank & Financial Services	RG Mortgage Corporation
Bank of America, N.A. ¹	Horizon Bank	Roebling Bank
Bank United	Horizon Bank, NA	RoundPoint Mortgage Servicing Corporation
Bay Federal Credit Union	Iberiabank	Saxon Mortgage Services, Inc.
Bay Gulf Credit Union	IBM Southeast Employees' Federal Credit Union	Schools Financial Credit Union
Bayview Loan Servicing, LLC	IC Federal Credit Union	SEFCU
Carrington Mortgage Services, LLC	Idaho Housing and Finance Association	Select Portfolio Servicing
CCO Mortgage	iServe Residential Lending LLC	Servis One Inc., dba BSI Financial Services, Inc.
Central Florida Educators Federal Credit Union	iServe Servicing Inc.	ShoreBank
Central Jersey Federal Credit Union	J.P. Morgan Chase Bank, NA ²	Silver State Schools Credit Union
Chase Home Finance, LLC	Lake City Bank	Sound Community Bank
CitiMortgage, Inc.	Lake National Bank	Specialized Loan Servicing, LLC
Citizens 1st National Bank	Litton Loan Servicing	Spirit of Alaska Federal Credit Union
Citizens First Wholesale Mortgage Company	Los Alamos National Bank	Stanford Federal Credit Union
Community Bank & Trust Company	Marix Servicing, LLC	Sterling Savings Bank
CUC Mortgage Corporation	Metropolitan National Bank	Technology Credit Union
DuPage Credit Union	Midwest Bank & Trust Co.	Tempe Schools Credit Union
Eaton National Bank & Trust Co	Mission Federal Credit Union	The Golden 1 Credit Union
Farmers State Bank	MOREquity, Inc.	U.S. Bank National Association
Fidelity Homestead Savings Bank	Mortgage Center, LLC	United Bank of Georgia
First Bank	Mortgage Clearing Corporation	United Bank Mortgage Corporation
First Keystone Bank	National City Bank	Urban Trust Bank
First National Bank of Grant Park	Nationstar Mortgage LLC	Vantium Capital, Inc.
Franklin Credit Management Corporation	Navy Federal Credit Union	Verity Credit Union
Fresno County Federal Credit Union	Oakland Municipal Credit Union	Vist Financial Corp.
Glass City Federal Credit Union	Ocwen Financial Corporation, Inc.	Wells Fargo Bank, NA ³
GMAC Mortgage, Inc.	OneWest Bank	Wealthbridge Mortgage Corp.
Golden Plains Credit Union	ORNL Federal Credit Union	Wescom Central Credit Union
Grafton Suburban Credit Union	Park View Federal Savings Bank	Yadkin Valley Bank
Great Lakes Credit Union	PennyMac Loan Services, LLC	

¹ Bank of America, NA includes Bank of America, NA, BAC Home Loans Servicing LP, Home Loan Services and Wilshire Credit Corporation.

² J.P. Morgan Chase Bank, NA includes EMC Mortgage Corporation.

³ Wells Fargo Bank, NA includes Wachovia Mortgage FSB and Wachovia Bank NA.

Making Home Affordable Program

Service Performance Report Through May 2010

Appendix B: Description of Compliance Activities

Description of Compliance Activities

Freddie Mac, serving as Compliance Agent for Treasury's Home Affordable Modification Program (HAMP), has created a separate division known as Making Home Affordable - Compliance (MHA-C). Using a risk-based approach, MHA-C conducts a number of different types of compliance activities to assess servicer compliance with HAMP guidelines, as described below.

On Site Reviews: Readiness & Governance – A review performed by MHA-C to assess the servicer's preparedness for complying with new/future HAMP requirements, or to research a trend or potential implementation risk. Reviews are performed as needed, determined by frequency of new program additions.

NPV – A review conducted by MHA-C to determine the servicer's adherence to the HAMP NPV guidelines. For those servicers that have elected to recode the NPV model into their own systems (recoders), the testing process is designed to ensure the servicer's NPV model is accurately calculating NPV and that the model usage is consistent with directives. At a minimum, recoders are subject to quarterly off-site testing and semi-annual for on-site reviews. For servicers using the Treasury NPV Web Portal, reviews of data submissions are performed on a monthly basis.

On Site Reviews: Implementation – A review conducted by MHA-C covering the servicer's overall execution of the HAMP program. Areas covered include, among other things, solicitation, eligibility, underwriting, document management, payment processing, reporting, and governance. Reviews are performed at a minimum for larger servicers on a semi-annual schedule and for smaller servicers on an annual schedule.

Loan File Review – A review performed by MHA-C of a servicer's non-performing loan portfolio primarily to assess completeness of relevant documentation and appropriate loan modification decisioning. This includes reviews of loans which have successfully converted to a permanent modification to ensure they meet the HAMP guidelines, as

well as loans that have not been offered HAMP modifications to ensure that the exclusion was appropriate ("Second Look"). Larger servicers are on an alternating permanent modifications and Second Look monthly loan file review cycle. These Loan File reviews consist of a statistical sample (typically 100-150 loan files per larger servicer). Smaller servicers are also statistically sampled on a quarterly or semi-annual cycle.

Incentive Payments – A review performed by MHA-C to determine the accuracy and validity of borrower and investor incentive payments, and to assess whether borrower payments are appropriately allocated to borrowers' loan principal in accordance with HAMP guidelines. They are performed at a minimum annually on the top 21 servicers.

Areas of Compliance Focus

Based on the results of MHA-C's reviews to date and anticipated risks to the program, HAMP compliance efforts will remain focused on the following general areas:

Borrower Solicitation – Servicers are required to solicit eligible borrowers without delay and not conduct foreclosure proceedings until such borrowers are appropriately considered for HAMP. It is critical that servicers not take actions that would lead to borrowers becoming displaced from their home without being given proper consideration for a loan modification or other foreclosure alternative. Servicers should ensure that their operating protocols identify all populations of eligible borrowers. Servicers should ensure that their operating procedures meet or exceed the minimum requirements of Supplemental Directive 10-02 related to borrower solicitation and contact.

Underwriting Documentation – Servicers must retain a complete and consistent set of documentation for all loans considered for HAMP, including evidence supporting borrower income. In addition, appropriate documentation must support all decisions (e.g., denials, permanent modifications, etc.) made by the servicer. Servicers' quality

assurance departments are required, and expected, to play an active role in the ongoing evaluation of the servicers' underwriting process and related documentation.

NPV model usage – Servicers are required to utilize net present value (NPV) models that produce valid and accurate results. In order to eliminate adverse borrower outcomes from negative NPV results, servicers must hold required inputs constant between NPV tests. Servicers should regularly test their recoded NPV models against the Treasury NPV Portal to identify any anomalous or inaccurate results.

Document processing and control – Servicers must have policies and procedures that clearly describe document acquisition, tracking, and retention practices. Any potential for misplaced or lost documents should immediately be addressed so that timely decisions can be made for borrowers eligible for assistance under HAMP. In addition, servicers should ensure that proper training and education is provided for all parties involved in the document management life cycle, including those with responsibility for the servicers' document management technology.

IR2 Data Maintenance – Servicers are required to report timely and accurate information to the Program Administrator's IR2 data base. This information serves not only to measure HAMP's progress, but also as the authoritative source for incentive payments due to borrowers, servicers, and investors. Servicers should be conducting ongoing reviews of their reported data and be prepared to explain circumstances where data is either inconsistent or missing.

Governance – Servicers should ensure that a sound governance process exists for HAMP. An appropriate governance model begins with senior executive accountability and extends to formal policies and procedures for HAMP-related activities, including the development of comprehensive fraud prevention, fair lending, and quality assurance programs.